

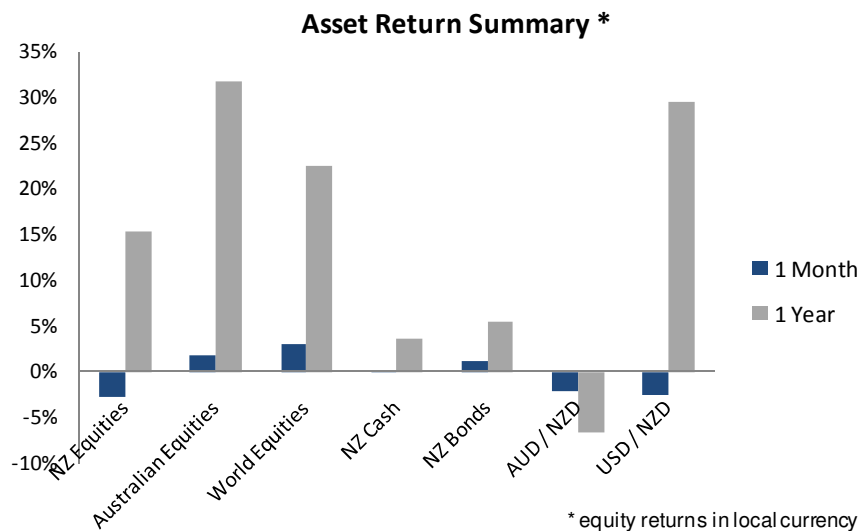


Hāhāea nga ripa o te pō, kia whiti ake ko te māramatanga

(Shred away the darkness, let there be light)

TMF Limited: Tirohanga ki te makete mō Noema 2009

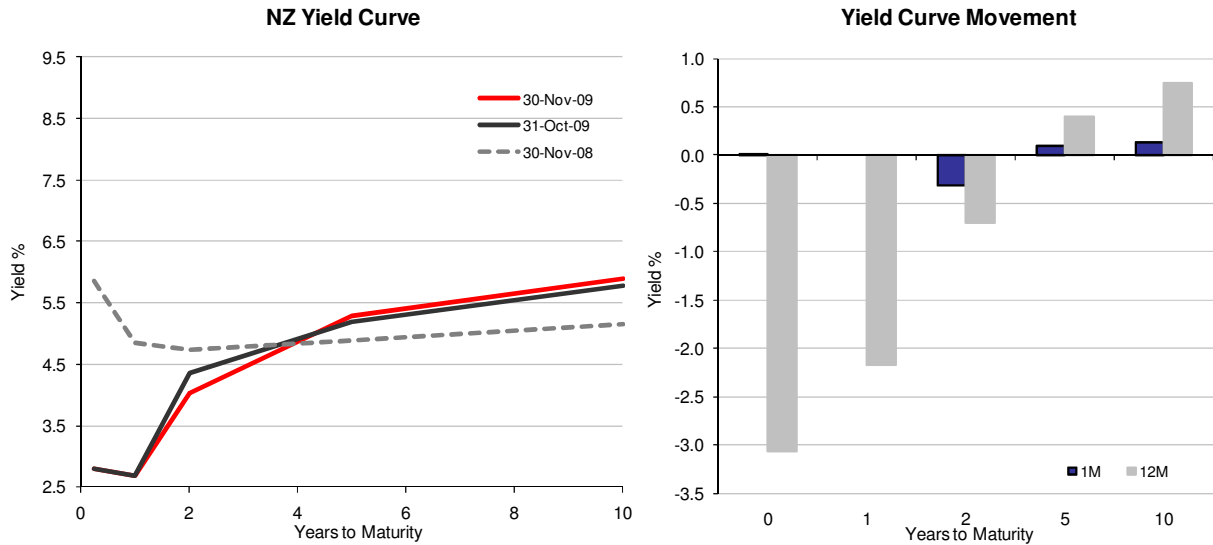
Market Overview



November is a tale of two halves. The recovery looks on track; with global growth prospects improving early in the month, but doubts about the sustainability and strength became the focus and wiped away most of the gains. Locally all eyes are on the RBNZ, and when they intend to raise the cash rate. Globally the US still struggles with soaring unemployment and the Dubai incident highlighted how easily the recovery can be derailed.

- NZ Bonds performed marginally better as interest rates edged lower
 - Expectations of the RBNZ raising rates early 2010 dwindle.
 - Global pressure remains to keep interest rates low
- NZ Equities struggled in November falling 2.8%
 - Renewed caution towards “riskier” assets.
- Australian & World Equities both up in November.
 - Positive views on global growth elevate world equities to new heights
 - Later concerns about Dubai push investors away from “risk” again.
- NZD weaker against Aussie and USD
 - NZD pulls back in response to lower interest rates.

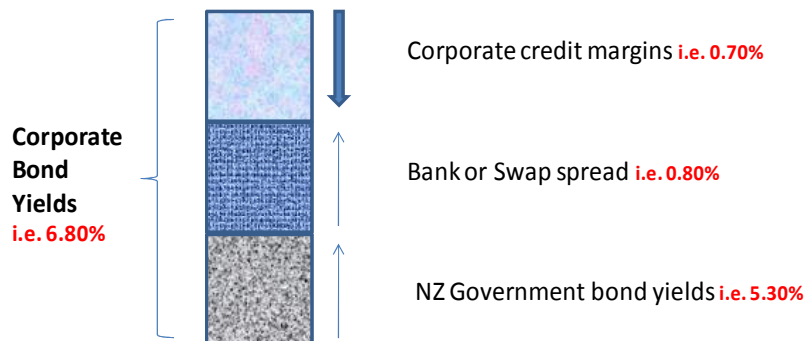
NZ Cash & Fixed Interest



The RBNZ reemphasized it will be “the latter half” of 2010 before they consider tightening monetary conditions and raising the cash rate. Markets pulled back their expectation of an earlier move. In response short term yields (1 to 3 years) dropped slightly while longer term yields (4 to 10 years) held their ground.

NZ corporate bonds are performing well. While interest rates may have risen recently in response to the recovery story, demand for bonds has increased. The increased demand has compressed corporate credit margins and kept bond yields from rising too high.

Components of a corporate bond yield



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NZ Equities

While most global equity markets performed well in November it was a difficult month for NZ equities falling 2.8%. Many of our export based companies struggle in the shadow of a high NZ dollar.

Steel & Tube declined 13.4% in the wake of the NZD, volatile price of steel and low levels of activity in building and construction. Company earnings were mixed, with the likes of Tower revealing a \$50m net profit up 28% from 2008 – helping elevate their share price 12%. Fisher and Paykel appliances however reported a \$82m loss for the last 6 months, and announced executive changes to fall 12% over November.

Australian Equities

Australian equities produced a steady 1.8% performance for November.

A large part of the performance is the strong global demand for hard commodities such as iron ore, coal, copper, nickel, gold, and aluminium. This demand has benefited Australia's many resource and materials company's such as BHP Billiton – up 12% for November.

Offshore Equities

International equities continue to perform well with a rise of 3.1% over November. Overall the world equity markets continue to benefit from the backdrop of global growth prospects and improving credit market conditions. From negative 40% at the worst point in March to positive 25% in November – a massive 65% recovery in 6 months. However there are concerns about whether the pace can be maintained into 2010.

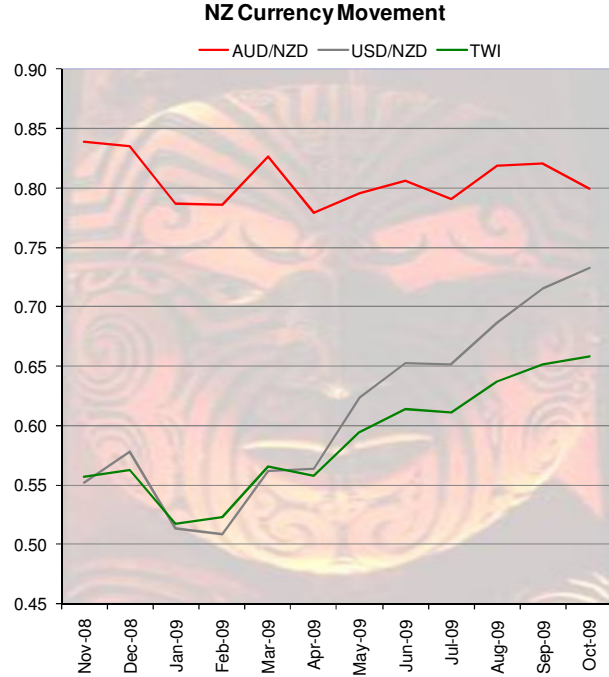
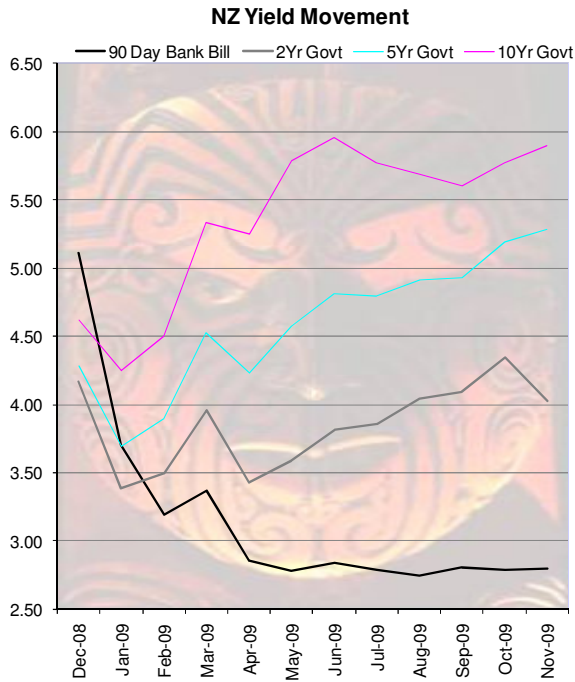
Late in November an event in Dubai created serious fears that enormous bank exposures could rekindle the financial crisis, so far it's been storm in a teacup but reemphasises the delicate balance between confidence and calamity.

Market Data Summary

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX50	3,126	-2.8%	0.9%	13.1%	15.3%	-6.8%	0.9%	5.7%
ASX200 (Local)	32,760	1.8%	5.9%	25.9%	31.7%	-0.7%	8.3%	9.1%
ASX200 (NZD)		4.0%	10.8%	28.0%	41.2%	2.7%	11.7%	9.3%
MSCI World (Local)	1,921	3.1%	3.9%	15.7%	22.5%	-7.2%	1.5%	-0.9%
MSCI World (NZD)		6.7%	2.1%	4.2%	1.7%	-7.2%	2.4%	-2.9%
NZX50 / ASX200(NZD) comp		0.6%	5.8%	20.5%	28.2%	-2.1%	6.3%	7.5%
Bonds (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX 90 Day Bank Bill	562.07	0.2%	0.7%	1.4%	3.7%	7.0%	7.2%	6.6%
NZX Govt Bond Index	1,087.67	1.2%	1.6%	2.5%	4.6%	7.0%	6.6%	6.9%
NZX Composite A Grade	2,989	1.23%	1.8%	3.3%	5.6%	7.3%	6.8%	7.0%
Property (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX Property	2,011	-4.2%	1.7%	17.2%	7.6%	-2.8%	4.4%	8.5%
ASX200 Property (Local)	18,798	1.0%	0.9%	25.4%	-6.6%	-22.1%	-7.0%	3.8%
ASX200 Property (NZD)		3.2%	5.5%	27.4%	0.1%	-19.5%	-4.0%	4.1%
Currencies (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
AUD / NZD	0.7826	-2.2%	-4.4%	-1.6%	-6.7%	-3.3%	-3.1%	-0.3%

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USD / NZD	0.7148	-2.4%	4.1%	14.7%	29.6%	1.7%	0.0%	3.4%
NZ TWI	63.6	-3.3%	-0.2%	6.9%	14.2%	-1.6%	-1.6%	1.5%
Interest Rates (basis points)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
90 Day NZ Bank Bill	2.80	1	5	2	-306	-485	-390	-264
10 Year NZ Govt Bond	5.90	13	21	11	75	21	-9	-119
10 Year US Govt Bond	3.21	-20	-19	-26	28	-125	-115	-297
Commodities (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
Oil Prices (US\$/WTI)	77.28	0%	10%	17%	57%	7%	9%	12%
CRB Index	277.4	3%	9%	10%	15%	-5%	-1%	3%



Sources: ANZ National Bank, First NZ Capital, TMF Limited.

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